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\$500,000

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GOLD 3 1/2% OF NOV. 1, 1904

(COUPON OR REGISTERED)

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TAX EXEMPT**

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THE FINANCIAL SITUATION.

At the close of business in Wall Street last week prices of stocks were, on the average, upon almost exactly the same level as that prevailing in the first week of August; and in the interim this average price level was only a little more than three points. During this period, in other words, the stock market has done no more than maintain the ground it held at the outset. There have been, it is true, notable advances in certain stocks, made, it may be, for the soundest and best of reasons, but those speculators who have been able to confidently take advantage of these particular movements have been very few. The market in the period has, of course, presented excellent opportunities to the relatively small class of professional traders who by reason of habit and training and the enjoyment of peculiar facilities are fond of making numerous short "turns" in speculative ventures for either side of the account. But such a market is one that holds out small allurements to customers of commission houses, and the experience of the last three months has amply demonstrated the wisdom of those who before the end of the summer diagnosed the course of the stock market for the indefinite future as one that would in general afford few chances of profitable speculation. More than this, it has splendidly justified the conservative policy adopted during this time by most of the large commission houses in Wall Street of advising their clients that, however magnificent might be prevailing business conditions and prospects, the national and international money market raised obstacles to any widespread rise in security valuations. This advice was usually coupled with the assurance that no notable decline in prices was anticipated, and that if speculators would only have patience substantial foundations would, in all probability, be made for a permanently advancing market later on. Suppose that less prudent words had been spoken; suppose no restraint had been laid upon the activity of those who denounced all fears of a tight money market as ridiculous and who were anxious early in the fall to do everything in their power to bring the "public" into the stock market as buyers—what scenes, had this unfortunate contingency befallen and commission houses been "loaded up" with stocks carried for the usual run of small speculators on slender margins, would have been witnessed last week in Wall Street's 15 per cent. money market? A panic, or at least extreme market demoralization, would have inevitably followed, with its attendant disastrous consequences upon business enterprises in every direction. It pays some times, even in Wall Street, to go slow and to try to look a little way into the future.

As it is, it seems pretty well established that owing to the small part taken by the public in speculation in the last few months stocks are held in such a way that they can only with difficulty be forced to a sale. Conditions are such that the high rate for money produces less liquidation than ever before known under seemingly parallel circumstances. It is to be considered, no doubt, that the high money rate will materially diminish the profits upon many current speculative transactions. The situation appears to be that many operators prefer to pay these rates rather than sell their stocks, and that money is lent not so scarce that those who wish to adopt such an alternative are prevented from doing so; but, of course, if payments of this kind have to be prolonged it will be found that something more than a small rise in the price of the stocks concerned will be required to pay for the cost of carrying them. This risk, however, those who at present hold the stocks seem willing to take; and there is little doubt, further, that a specific cause for the failure of the market to be adversely affected as it ordinarily would by a high money rate is, in addition to the scarcity of stocks brought about by the large purchases of securities made by investors in the last two years, the fact that an unusually heavy quantity of securities speculatively "carried" in Wall Street at present are so carried by funds obtained through time loans. This is a condition which reflects much more credit upon the foresight of those who borrowed the money than upon that of the people who lent it; but the general stock market position is nevertheless, immensely fortified thereby. If there was any confusion in the past regarding the exact state of the money situation it is now entirely removed. There is a demand for money the world over, owing in the first place to the general activity of business, which is as great relatively in France, Germany and England as it is here, and secondly to the exigencies arising out of the Russo-Japanese war. It certainly looks at the moment as if the much talked of Russian loan will not, owing to the extremely unsettled state of affairs in Russia, be issued for some months to come, and while the original judgment of bankers here was to the effect that this postponement was an unfavorable happening from a financial point of view, inasmuch as it prolonged the tie-up of money in Paris, it now seems to be held that what occurred is altogether for the best, inasmuch as it is evident that a poor reception must have been given to the loan at this time in the different financial markets because of the interior causes in these markets making for money stringency. Whether or not the Japanese Government proposes to wait until the Russian loan is out of the way before announcing the financial plan by which it proposes to refund a large portion of its existing high interest-bearing bonds and to obtain an additional sum of money in the shape of fresh borrowing is apparently not yet decided; but the matter is still one that must enter into any calculation concerning the money situation of the present and of the near future. The situation continues to be complicated with us by the fact that our foreign trade balance is not running as heavily in our own favor as it was thought it would be earlier in the season, for which responsibility seems to be largely due to our heavy imports and to the prevailing uncertainty as to the size of our present cotton crop. Foreign purchases of our cotton have been much less this fall than it was expected they would be, because, in the first place, foreigners accumulated a large stock of the staple at last year's low prices, and in the second, because they were led to believe this year that the size of the crop did not warrant such prices for cotton as were asked by American producers and speculators. The estimates proceeding from Government sources as to the size of the crop are decidedly confusing. The Agricultural Bureau reported a week ago that the amount of cotton ginned up to October 18 was only 5,000,000 bales, which indicated, of course, a small crop. The Census Bureau's estimate published a little later on that 6,500,000 bales had been ginned up to November 1, pointed naturally to a larger production, and this was corroborated by an extra Government crop report issued on Friday, placing the statistical condition of cotton on November 1 at an unexpectedly high average. When the size of the crop is approximately settled one way or the other, a development of no little importance in the Wall Street point of

view will occur, for on the one hand producers will sell more freely if the crop is large, and on the other hand foreigners will buy more freely if the crop is small. The result should be, logically, a larger movement of cotton to the other side of the Atlantic, an increased supply of commercial bills in the local foreign exchange market, and a greater ability on our part to meet that demand for funds from Europe which has been one of the chief sources of the monetary strain.

But, finally, summing up all these matters, the season is now so far advanced that our bankers can begin to look forward with reasonable assurance to a fixed time in the future when the money situation will ease and when rates for the use of funds will prevail that will not be prohibitive of a general advance in security prices. Everything thus far in this regard has worked out in accordance with conservative calculations made at the end of the summer. The close of the Russo-Japanese war did not loosen money abroad, but locked it up. The demand for money in our country owing to the twin necessities of moving our extraordinarily large and comparatively high-priced crop and of carrying on the enormous quantity of miscellaneous business that is now being transacted has, as was then anticipated by those who endeavor to look at the matter with their eyes rather than with speculative desires, caused a movement of funds from the Eastern centres to the West and South that began earlier and is running later in the year than it ever did before. Yet in the course of things this demand must abate and should so abate by the middle of January at the farthest. At this time, too, cotton ought to be moving freely, and there should be some clarification of Russian and Japanese financial affairs. A firm period in money rates is looked for, of course, around the end of the year, and few well informed people expect that money here will be what can be called cheap until the late spring. If, however, the indications of the next few weeks fortify the conclusion that there will be a perceptible and permanent fall in money rates from the present figures about the middle of the first month of next year, banking interests and other possessors of idle funds will naturally not delay their purchases of stocks until that time. The result of the municipal election last week helped in a way, no doubt, to unsettle the stock market, for it cast down the very sanguine expectations that had been formed that the event of the contest would be such as to be regarded from a speculative point of view as overwhelmingly favorable to the stocks of corporations enjoying local franchises. The vote cast for the candidate of the Municipal Ownership party was surprisingly large, whether or not it was to be properly regarded as an endorsement of the municipal ownership scheme, and naturally it created an unpleasant impression in the financial community as to the growth of socialistic or semi-socialistic ideas. Weakness in the local traction stocks and others of similar class was also accompanied by a declining movement that seemed to be particularly accentuated for special reasons in one or two of the standard railway shares, such as, notably, the Missouri Pacific and Rock Island stocks.

FINANCIAL AND COMMERCIAL.

RAILROAD AND OTHER BONDS.		High-Low-Close-Net		-1905-	
		Oct. 11		Oct. 11	
1st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
2d Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
3d Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
4th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
5th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
6th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
7th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
8th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
9th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
10th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
11th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
12th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
13th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
14th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
15th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
16th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
17th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
18th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
19th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
20th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
21st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
22nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
23rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
24th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
25th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
26th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
27th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
28th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
29th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
30th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
31st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
32nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
33rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
34th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
35th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
36th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
37th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
38th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
39th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
40th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
41st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
42nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
43rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
44th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
45th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
46th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
47th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
48th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
49th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
50th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
51st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
52nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
53rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
54th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
55th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
56th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
57th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
58th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
59th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
60th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
61st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
62nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
63rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
64th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
65th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
66th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
67th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
68th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
69th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
70th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
71st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
72nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
73rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
74th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
75th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
76th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
77th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
78th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
79th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
80th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
81st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
82nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
83rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
84th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
85th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
86th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
87th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
88th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
89th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
90th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
91st Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
92nd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
93rd Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
94th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
95th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
96th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
97th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
98th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
99th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2
100th Nat. Bk. of N.Y.		101 1/2	101 1/2	101 1/2	101 1/2

High-Low-Clos-Net		-1905-	
rat. rat. net. Chge.		100% 100%	
1 L & N 100 0			